One Gippsland

Affordable and Social Housing Policy Paper

October 2021

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Executive Summary

One Gippsland, as a peak regional advocacy body representing Gippsland has developed this paper to highlight the importance of and challenges with affordable and social housing in Gippsland in order to engage with the Victorian Government on this important issue.

Key issues in Gippsland regarding affordable housing are a lack of supply that meets the growing demand in both:

1. **Affordable rental listings** (listings where lower-income household pays less than 30 % of its income on rent); and
2. **Social housing** that includes both public and community housing.

It is acknowledged that the Planning and Environment Act 1987 defines affordable housing as the following:

affordable housing is housing, including social housing, that is appropriate for the housing needs of any of the following:

(a) very low income households;

(b) low income households;

(c) moderate income households.

Affordable housing issues have been exacerbated by COVID-19 which has seen a mass exodus of metro residents moving to regional Australia, further squeezing the market of available and affordable housing options.

Addressing these challenges is a key priority of the region – through the Gippsland Regional Plan - to achieve the following goals:

- Become **Australia's most liveable region** by 2040**;**
- Attract **75,000 new residents** by 2040;
- **Raise the average household income** above regional average by 2025;
- **Decrease homelessness population** to below the regional average by 2025; and
- **Decrease instances of family violence** to be in line with regional average by 2025.

To be able to meet these goals, assistance in fostering industry and providing adequate affordable and social housing options to continue to facilitate sustainable growth is required.

Not only is housing an essential element in meeting these goals and growing our regions liveability, it is key to prevention of growing disadvantage.

About Gippsland and One Gippsland

Gippsland is a geographically, socially and economically diverse region. At approximately 41,000 km^2, it is the largest region in Victoria. Home to over 270,000 people[1] and 6 Local Governments, the region annually produces $16 billion in Gross Regional Product (GRP).

One Gippsland is a peak regional advocacy body representing this diverse region. We aim to connect the dots between government, business and community, while also collectively working together to champion the interests of our region and our people.

It is our mission to create a thriving and dynamic region that harnesses social, environmental and economic capabilities and assets. We do this to ensure that Gippsland continues to have remarkable diversity so that we can offer residents the opportunities for a great lifestyle and access to services at all stages of life.

A recent report produced by SGS Economics shows that Gippsland has undergone a series of economic shocks that has impacted the economic output of the region. Between 2015 and 2020 the combined effect of the COVID-19 restrictions, bushfires, dairy crisis, drought and hazelwood closure have had the following impact:

- Direct output loss of $3.28 billion;
- Combined direct and indirect output loss was $6.86 billion;
- A total of 10,213 job losses (direct and indirect); and
- Gross regional product shrunk by $2.66 billion.

The closure of the native timber industry is expected to negatively impact direct output by **$548 million** and further shrink Gross regional product by **$431 million** in the next 10 years.

These impacts are ongoing with bushfire recovery still in its early stages, recent storm and flooding damage across the region and ongoing challenges for business due to rolling lockdowns and closed borders.

Liveability in Gippsland: Goals and Enablers

Attracting an additional 75,000 residents by 2040 is a key objective for our region, as outlined in the Gippsland Regional Plan[2]. Whilst we are seeing increasing and promising population growth, there is

[1] https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/205?opendocument

[2] https://static1.squarespace.com/static/5f0d02d2a97fa66e78f1e36e/t/6063ba8406dc4a462a58aa33/1617148567256/Gippsland+Regional+Plan+20-25+FINAL.pdf

another key piece of the puzzle that must be considered. We aim to ensure that our region boasts a healthy, happy inclusive community blessed with world-class liveability standards. This is a prerequisite to Gippsland's goal of becoming Australia's most liveable region by 2040.

In order for this to happen we must continue to embrace cultural and social diversity, as well as ensuring that housing stock, health, education and community assets are appropriate and can accommodate future population growth and social needs.

Adequate and affordable housing is an essential element in achieving this and is fundamental in meeting the basic human need of shelter. It is also fundamental in achieving other economic, social and cultural outcomes.

Satisfactory fulfilment of housing positively impacts health outcomes, especially mental well-being, increases educational opportunities, and facilitates the movement of a skilled workforce.[3]From an economic perspective, housing also has a significant impact on productivity, participation and consumption and saving.

However, achieving sustained population growth and fostering the regions liveability goes beyond just ensuring appropriate housing stock. Further enablers of liveability are essential in ensuring these goals are met. Physical, local, social, community and digital infrastructure are all fundamental requirements.

As well as being enablers of liveability, these infrastructure and services are essential in the prevention of growing disadvantage, lack of access to education, health and other services and youth disengagement. All are fundamental to the social and economic prosperity of our region and prevention of growing homelessness and demand for social housing.

Unfortunately, dwindling housing stock – both affordable and social – as a result of exponential population growth - is an emerging challenge hindering the region's ability to achieve these objectives.

Defining housing affordability, and social and affordable housing

Housing affordability typically refers to the relationship between expenditure on housing (prices, mortgage payments or rents) and household incomes.

The Victorian State Government Social Housing Regulation Review uses **low cost rental accommodation** as a term to cover all accommodation where current social housing and prospective tenants might live (Social Housing Regulation Review ,2021, p 5). [4]

[3]Muharem H Karamujic, 'Housing: Why Is It Important?', *Housing Affordability and Housing Investment Opportunity in Australia* (Palgrave Macmillan, 2016), doi.org/10.1057/9781137517937_2.
[4] Ibid

This paper explores three types of affordable housing, explained below:

- **Social Housing:** Social housing refers to housing let to eligible persons, with rents generally set at a proportion of the tenant's income. **Social housing** includes both:
  - **Public housing,** where the property is owned and managed by the State Government; and
  - **Community housing**, where the property is managed (and sometimes, but not always, owned) by not for-profit organisations (community housing organisations). (Social Housing Regulation Review 2021, p5) [5]
- **Affordable housing**: the rule used to define **housing affordability** is that a dwelling is affordable if a lower-income household pays less than 30 % of its income on rent.

Key Gippsland Social Housing Challenges

Homelessness and family violence levels in Gippsland are some of the highest in Victoria and are key contributors to high levels of social housing need.

Family violence incidents in across the Gippsland region are almost double the state average. During the period from 1 July 2019 to 30 June 2020, the average rate of family violence recorded across the Gippsland region was 2507.3 per 100,000 people compared to the average rate across the whole of Victoria recorded as 1315.4 per 100,000 people. Concerningly, three of the region's LGAs recorded an average rate of family violence incidents above 3000 per 100,000 people during that period – East Gippsland (3222.8/100,000), Latrobe (3147.1/100,000) and Wellington (3164.2/100,000)[6].

As highlighted in the *Gippsland Homelessness Networks Submission to the Victorian Parliamentary Inquiry into Homelessness*, family violence is the biggest contributor to homelessness in Gippsland affecting women, young people, children and men. In January, 2020 alone there were **605 referrals** made to the Inner Gippsland Orange Door. [7]

Homelessness is a also a widespread and growing issue in Gippsland with a high proportion of rough sleepers (10.3 % compared to 7.2% Victorian average). [8] The Victorian electorate of East Gippsland has the 6th highest level of homelessness in Regional Victoria (38 out of 10,000) and the Morwell

[5] Ibid

[6] https://www.crimestatistics.vic.gov.au/family-violence-data-portal/family-violence-infographics/victoria-police-family-violence-incidents

[7] The Orange Door monthly Report – January, 2020.

[8] Council to Homeless Persons – Data from ABS, Analysis by CHP www.chp.org.au

electorate has the 8th highest (31 in every 10,000). These figures are significantly higher than the Victorian Regional Average of 27 in every 10,000.

In order to meet the growing demand of social housing, exacerbated by high rates of homelessness and domestic violence instances, social and public housing is required in Gippsland.

Further, in order to prevent a worsening of these statistics and to achieve the region's goals of reducing homelessness and domestic violence, targeted solutions to increase affordable housing stock along with funding for local and social infrastructure and liveability enablers is fundamental.

Housing Needs in Gippsland

The Social and Affordable Housing needs and challenges in Gippsland have been identified and summarised as follows.

Affordable Rentals

There has been an extensive decrease in available affordable rentals in Gippsland compared to the 2019 and 2020 June Quarters. Over the 12 months from **June 2020 to 2021 there was a 48.43% decrease** in available affordable rentals in Gippsland that equated to a decrease from **1053 rentals to 543 rentals**.

This decrease is expected to continue as regional migration increases due to COVID-19. Without intervention the lack of affordable rentals will prohibit continued and sustainable population and economic growth in Gippsland. Further, a continued decrease of affordable rental listings risks pushing lower-socio economic families further out of the housing market, resulting in higher likelihood of homelessness and/or requirements for social housing assistance.

The below tables demonstrate the considerable decline in affordable rental listings in Gippsland from the June Quarter 2019 to the June Quarter 2021.

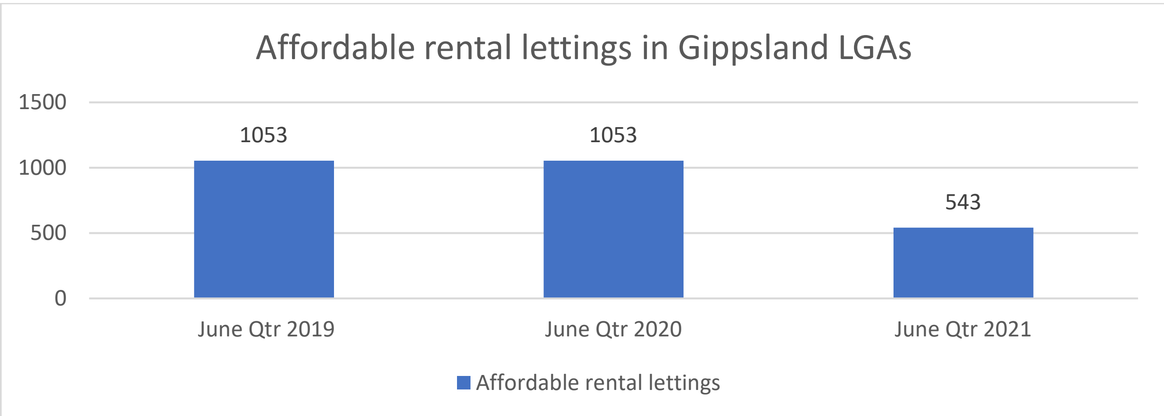


Table 1 – Type of affordable rental lettings June Quarter 2021

LGA	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	LGA Total
Bass Coast	0	3	23	14	40
Baw Baw	0	5	20	38	63
South Gippsland	0	4	28	13	45
Latrobe	5	65	134	30	234
Inner Gippsland Total	5	77	205	95	382
East Gippsland	0	25	40	19	84
Wellington	1	16	40	20	77
Outer Gippsland Total	1	41	80	39	161
Gippsland Totals	**6**	**118**	**285**	**134**	**543**

Table 2 – Type of affordable rental lettings June 2020

LGA	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	LGA Total
Bass Coast	0	12	75	47	134
Baw Baw	0	14	72	83	169
South Gippsland	0	15	56	15	86
Latrobe	9	102	198	48	357
Inner Gippsland Total	9	143	401	193	746
East Gippsland	1	45	84	32	162
Wellington	1	38	67	39	145
Outer Gippsland Total	2	83	151	71	307
Gippsland Totals	**11**	**226**	**552**	**264**	**1053**

Table 3 – Type of affordable rental lettings June 2019

LGA	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	LGA Total
Bass Coast	0	15	73	26	114
Baw Baw	0	15	51	36	102
South Gippsland	0	23	56	13	92
Latrobe	22	108	195	53	378
Inner Gippsland Total	22	161	375	128	686
East Gippsland	2	46	91	35	174
Wellington	6	44	102	41	193
Outer Gippsland Total	8	90	193	76	367
Gippsland Totals	**30**	**251**	**568**	**204**	**1053**

Victoria State Government, Health and Human Services: Rental Report

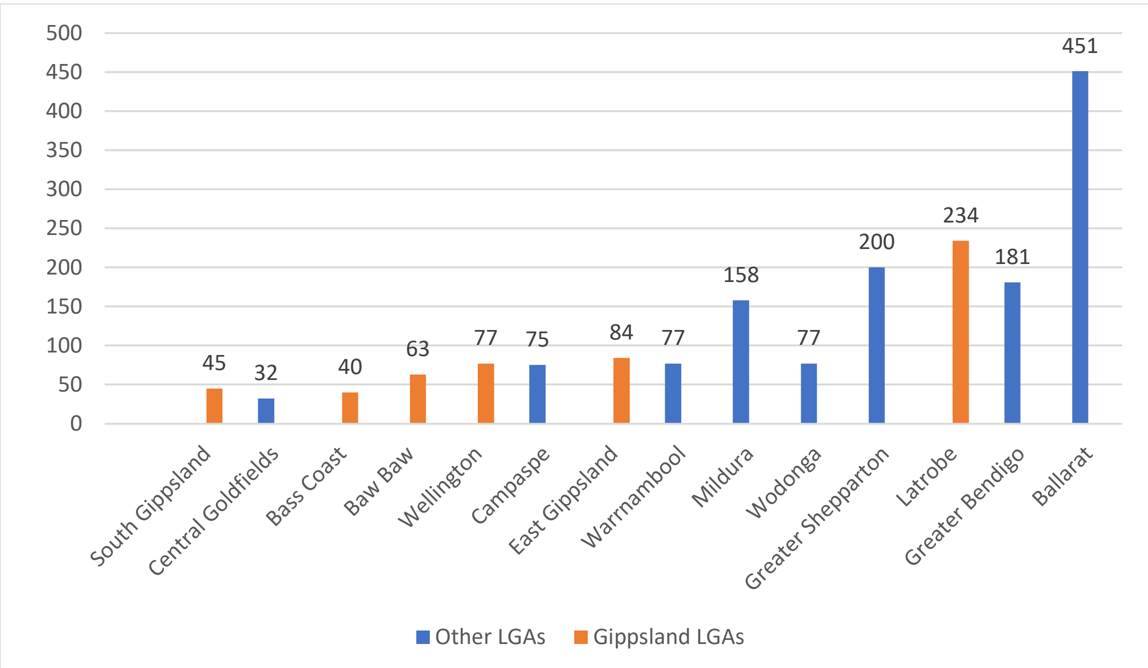
As shown above, whilst 2019 and 2020 June quarters remained exactly the same, there has been a steep decrease of over **48%** in availability of affordability of rental lettings over the past two years. There continues to be a dire lack of affordable housing in all Gippsland LGAs for one bedroom housing over two years, with only 6 listings currently available region wide.

COVID-19 has seen an exodus of people moving to regional Australia with a **200% increase in net growth to regional centres and regional areas** during the COVID-19 pandemic according to Infrastructure Australia's research. Additionally, the **highest migration to regional Australia** on record has been recorded - 66,300 people made the move to regional living in the March 2021 quarter.

Although this issue is causing shortages of affordable housing listings in many regional areas, this issue is particularly present in Gippsland.

As shown in the following graph, Gippsland LGAs feature heavily in the lower numbers of Victorian regional areas when it comes to affordable rental lettings with Bass Coast, Baw Baw and South Gippsland in the bottom four. This issue, combined with the economic shocks and widespread jobs losses illustrated above will only exacerbate homelessness levels and social housing needs in Gippsland.

Chart A – Affordable Rental Lettings in Gippsland LGAs (orange) compared with a selection of other Regional Victorian LGAs (blue) for June Quarter 2021.



If left unaddressed, these issues will continue to exacerbate and will limit the social prosperity and economic growth opportunities of Gippsland.

Impacts on Affordable Rentals

There are a number of factors contributing to the lack of affordable rentals in the Gippsland region. One factor is the recent bushfires and other emergencies have seen people lose their houses and having to relocate for an extended time in rental properties. Another contributing factor is the rise in properties transforming to short term rentals via Airbnb or similar platforms.

The number of displaced individuals due to recent bushfires has put pressure on availability and has likely put upward pressure on rents. In Bairnsdale, rental demand increased 300 per cent from January 2019 to January 2020. It is predicted that the scale of the bushfire events will have an impact for years to come.[9] The CEO of the Council to Homeless Persons noted that Australia's bushfire crisis was not only going to increase homelessness in Australia, but also posed extra problems for marginalised groups such as those people with low incomes.[10]

According to the Chief Economist of Real Estate Australia, over the long-term house prices in bushfire-devasted areas tend to increase faster than in the broader region but properties are typically rebuilt so new stock is of better quality and this increases property values. This in turn, then likely increases rental prices.[11]

A boost in domestic tourism (outside of COVID-19 restrictions) has been an incentive for property owners to offer their properties as short-term rentals. For every property that converts to a short-term rental, it's taken away from the long-term market rental. Platforms such as Airbnb provide a more attractive income to the owner, which helps to cover outgoings such as land tax which increases significantly each year.

Research conducted by the University of Sydney concluded that a growing number of studies show that cities and regions affected by rental shortages as well as strong demand for tourist accommodation, are particularly susceptible to the impacts of Airbnb style platforms. It found that the platform had become increasingly prevalent beyond major cities and the number of advertised properties on the platform more than doubled in all Australian states and territories over the period of April 2016 and December 2017.[12]

The research included a case study of the Bass Coast LGA (based on ABS 2006 and 2016 data) and found that there was an increase of 332 properties (totalling 1350) added to the Airbnb platform during that period.

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[9] https://au.sports.yahoo.com/bushfires-housing-affordability-011413760.html
[10] https://probonoaustralia.com.au/news/2020/01/what-impact-will-the-bushfire-crisis-have-on-homelessness/
[11] https://www.smartline.com.au/mortgage-news/market-insights/how-will-australias-bushfire-crisis-affect-property-and-lending/
[12] https://www.sciencedirect.com/science/article/pii/S0160738319302026/pdfft?md5=687993cd9d21a1d044e26bb7a4ef84bf&pid=1-s2.0-S0160738319302026-main.pdf

Lastly, recent amendments to the *Residential Tenancies Act 1997* that have introduced more onerous responsibilities for landlords, may also be contributing to the lack of rental stock. Factors that require properties to be of a higher standard and that minor modifications can be made to rental properties without landlord permission may be discouraging property owners to continue with renting out their property.

The combination of the previous rentals no longer being rentals, the increased popularity of short-term rentals for owners and the certainty that disasters such as bushfires will keep occurring into the future, demonstrates a dire need for government to address the issue of lack of supply of affordable rentals.

Public and Social Housing in Gippsland

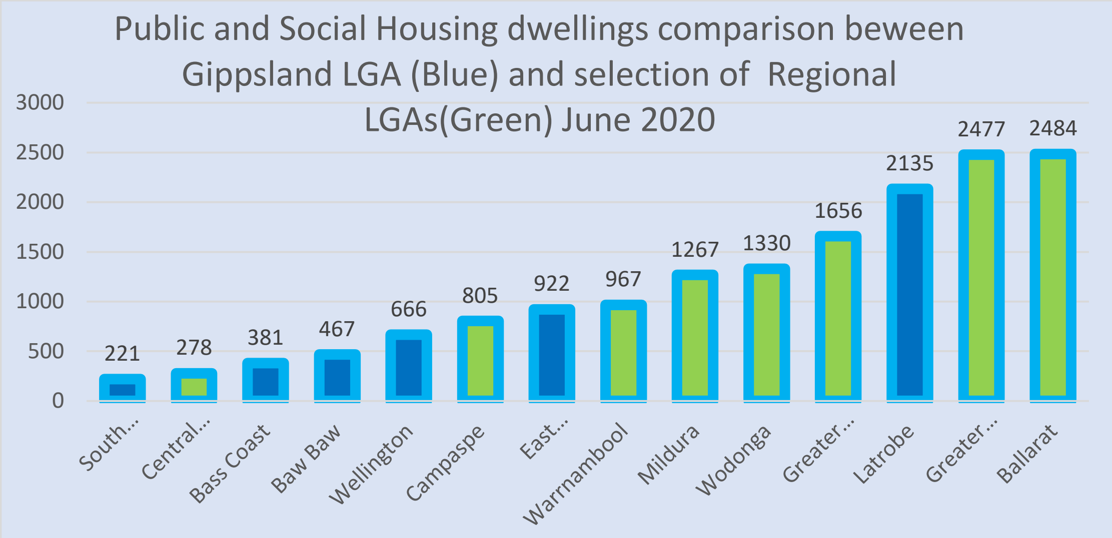
In addition to the lack of affordable rental listings in Gippsland, there is a lack of access to public and social affordable housing**. As at June 2020, there was a total of 4792 Public and Social Housing dwellings in Gippsland with over 1808 households seeking priority access to social housing across Gippsland.** A further 3489 households (an increase of 1898 from June 2020) 1591 households have registered interest in housing on the Victorian Housing Register and it is unlikely that these households will be housed unless they move into one of the four priorities categories for access to social housing listed below.

1. Who are homeless and receiving support?
2. Who are escaping or have escaped family violence?
3. With a disability or significant support needs
4. With special housing needs.

This means that there is a total **of 3,399 households in Gippsland seeking social housing assistance** with the majority of these unlikely to receive the assistance they require. Increasing social housing options in Gippsland will be essential in meeting this demand and ensuring that these households do not face homelessness or overcrowding.

Investment is especially important in Gippsland not only to address the high homelessness and domestic violence rates and demand illustrated above, it is also essential to bring Gippsland in line with other regional areas and begin to mend the damaged economy due to the economic shocks previously mentioned.

When compared to other regions in Victoria, five of the six Gippsland LGAs are in the bottom half when it comes to the number of Public and Social Housing dwellings. This has been highlighted in the following graph:



Prioritising Gippsland in further allocations of funds through the *Big Housing Build* will actively address the issues highlighted in this paper and set Gippsland up for further economic and social growth, meaning that it can house more of the growing Victorian population and provide its community with the housing options it requires.

Victoria's Big Housing Build ($5.3 billion)

On 15 November 2020, the Victorian Government announced its commitment to invest $1.25 billion across regional Victoria in social and affordable housing. 18 local government areas have been identified for *Minimum Investment Guarantee*, with $765 million committed across these local government areas.

The State government will use the remaining $485 million that has not been allocated to identify projects in regional Victoria.

The following Gippsland local government areas (**LGAs**) **have been** allocated funding through the **Minimum Investment Guarantee:**

- Bass Coast – $25 million guaranteed minimum investment;
- Baw Baw – $35 million guaranteed minimum investment; and
- Latrobe City – $60 million guaranteed minimum investment.

Local Governments that **have not** been allocated funding but are eligible to provide proposals for funding:

- East Gippsland Shire Council;
- South Gippsland Shire Council; and
- Wellington Shire Council.

While One Gippsland welcomes the investment in Bass Coast, Baw Baw and Latrobe City as an important initiative to address the challenges the region faces with social housing, we note that these challenges exist across the region due to the ongoing economic challenges the region faces.

Recommendations

1. That the Victorian Government prioritises the three LGAs in Gippsland (East Gippsland Shire Council, South Gippsland Shire Council and Wellington Shire Council) that have not received a *Minimum Investment Guarantee* through the *Big Housing Build* for any further allocation of funds as per their application proposals; and

2. It is acknowledged that all LGAs within the Gippsland Region were prioritised in the recent round of $80 million funding of the *Big Housing Build* announcement on 23rd September 2021 and that the Victorian Government continues to prioritise all LGAs within the Gippsland Region in future rounds of funding.